

Climate Change Accuracy: Requirements and Economic Value

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The Climate Symposium 2014

Darmstadt, Germany

October 13-17, 2014

Charney Report, 1979

Concerning Anthropogenic Climate Change:

“In order to address this question in its entirety, one would have to peer into the world of our grandchildren, the world of the twenty-first century.”

Foreword by Vern Suomi

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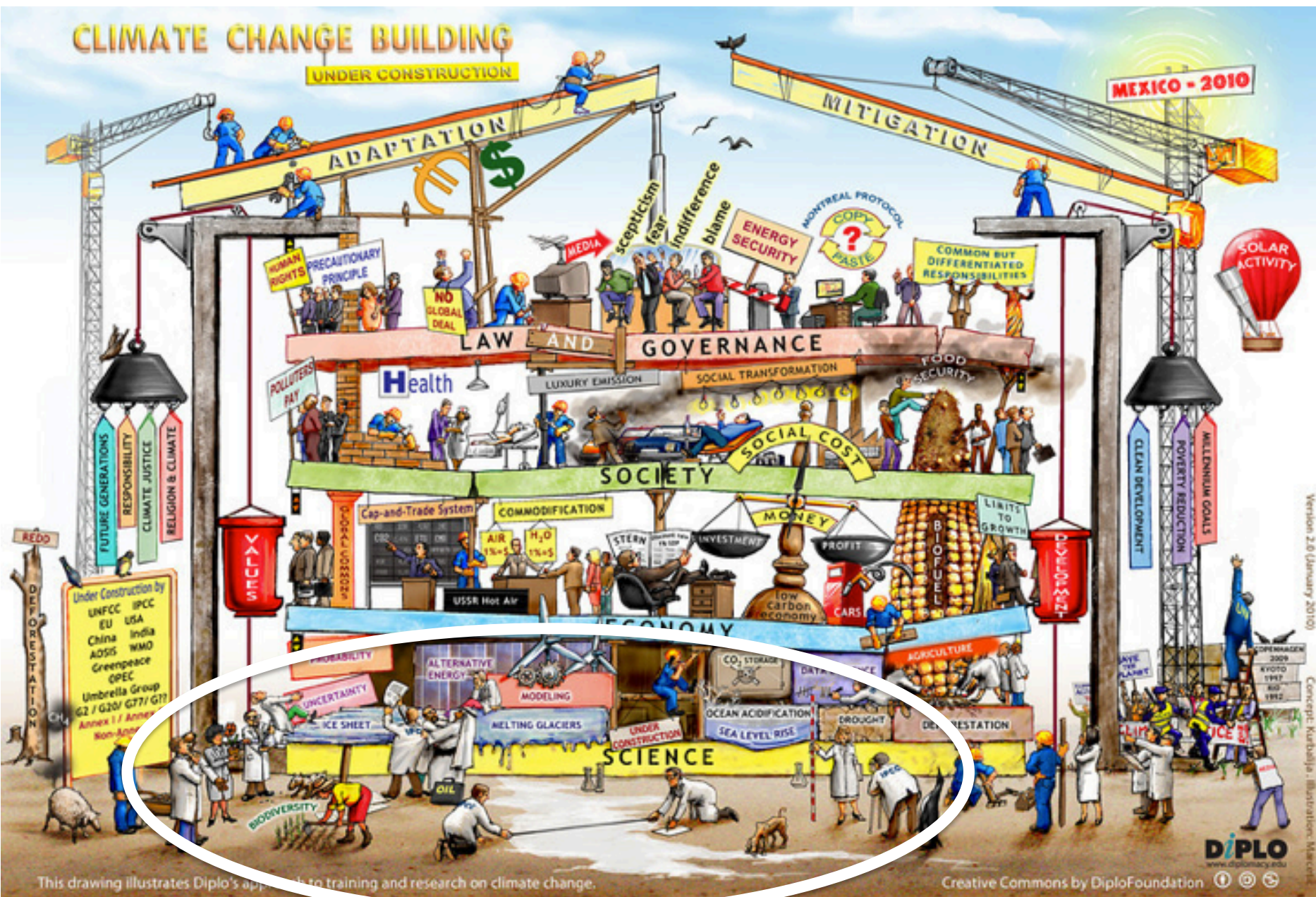
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35 Years Later ...



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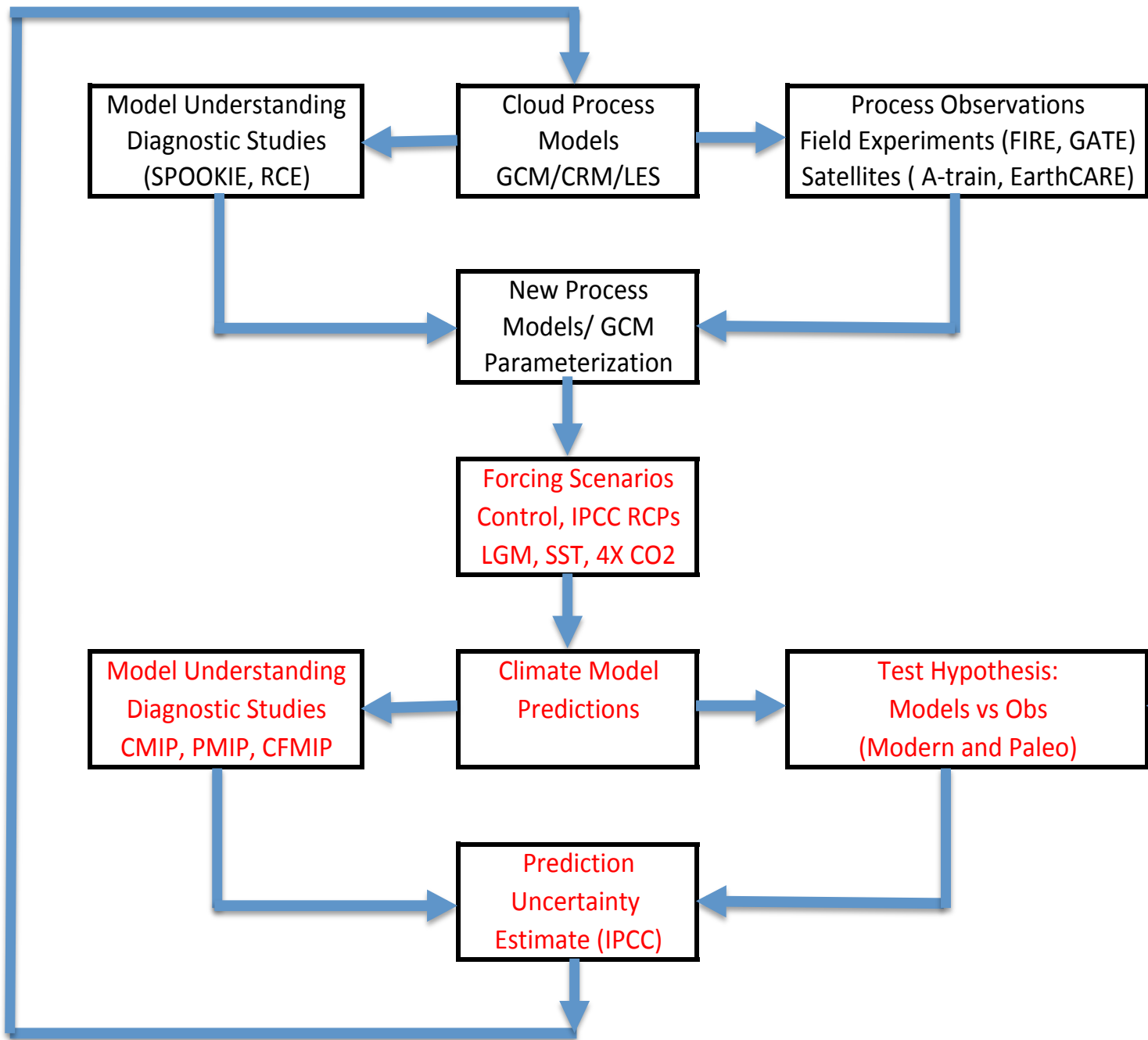


35 Years Later ... More urgent, but ...

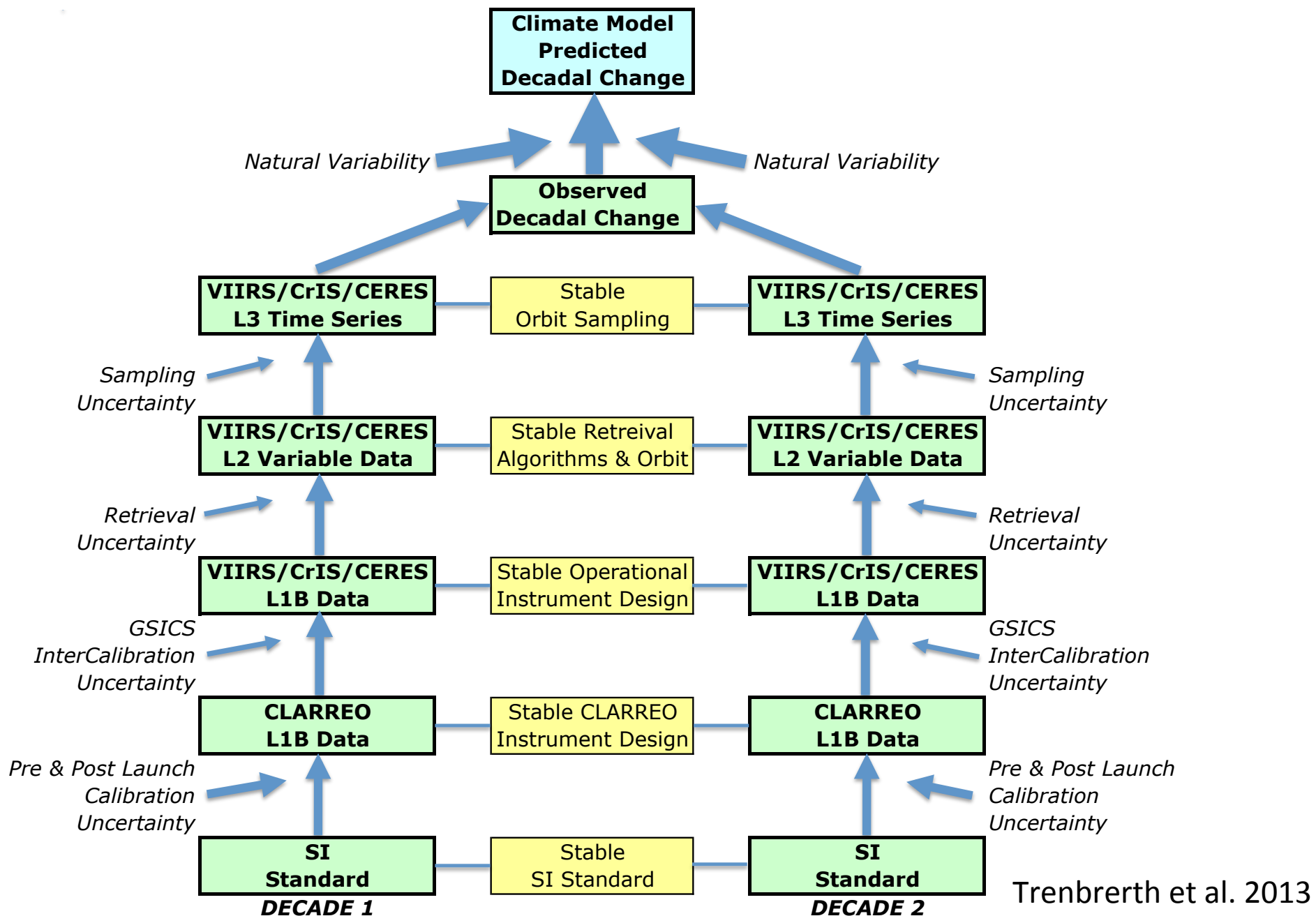
- Lack of a climate observing system (vs. weather)
 - Climate is 10x the variables and 10x the accuracy of weather.
- Struggles to get sufficient resources for climate modeling
- Science questions typically qualitative not quantitative
 - Understand and explore vs rigorous hypothesis testing
 - Leads to intuitive “Seat of the Pants” requirements
 - After > 30 years of climate research: time to improve
- *What is the right amount to invest in climate science?*
 - Requires link of science to economics
 - Requires thinking outside narrow disciplines
 - Requires arguing for climate science, not our own science

**Model
Hypothesis
Development**

**Model
Hypothesis
Testing**



Accuracy of Climate Change Observations & Predictions



BAMS October, 2013



Volume 94 Number 10

October 2013

BAMS

Bulletin of the American Meteorological Society

POLLUTION FROM WILDFIRES

GLOBAL CLOUD DATASETS

WEATHER DATA FROM CARS

A MEASURE FOR MEASURES



In-Orbit Calibration of
Climate-Change Monitoring

ACHIEVING CLIMATE CHANGE ABSOLUTE ACCURACY IN ORBIT

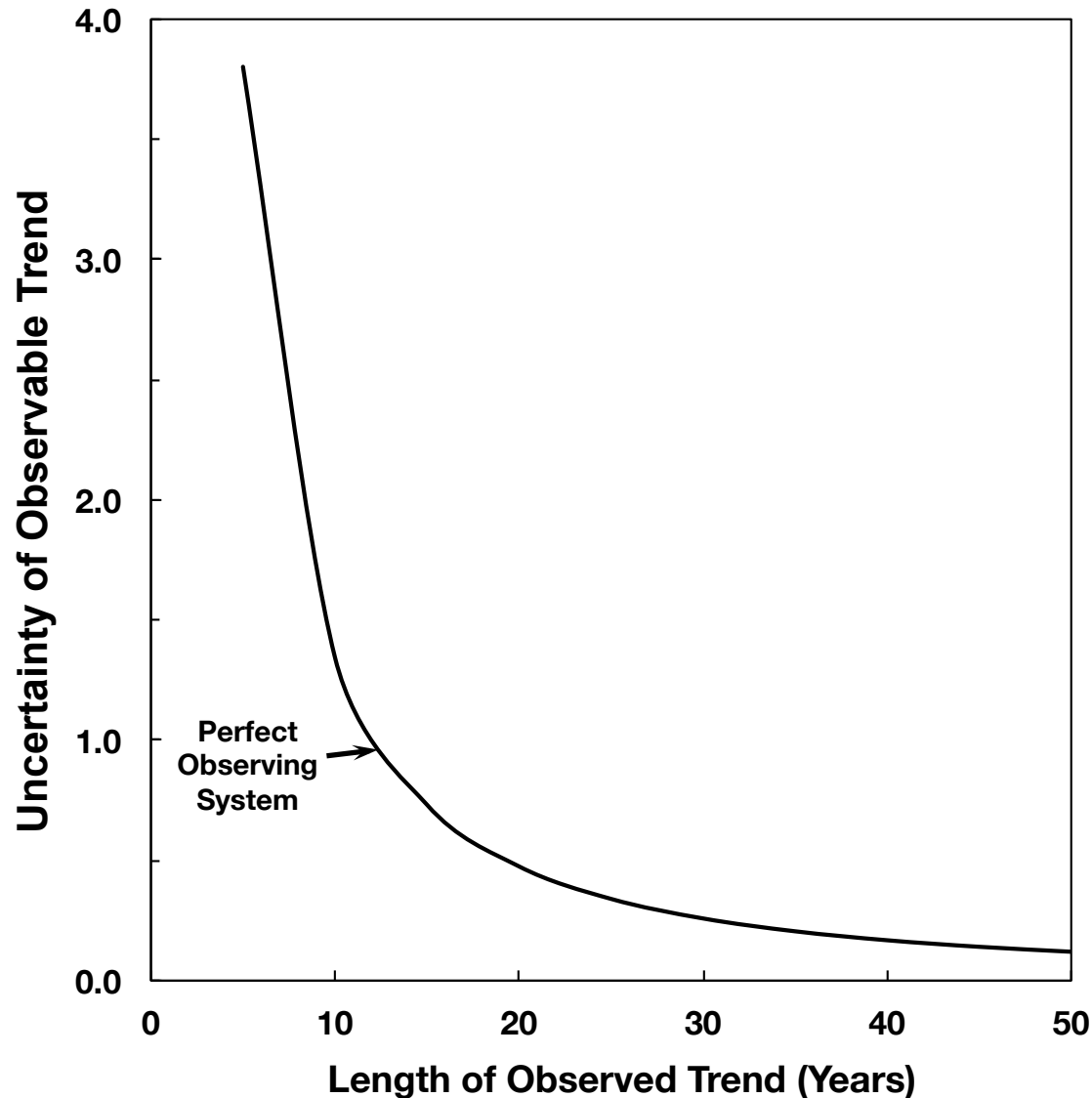
BY BRUCE A. WIELICKI, D. F. YOUNG, M. G. MLYNČZAK, K. J. THOME, S. LEROY, J. CORLISS, J. G. ANDERSON, C. O. AO, R. BANTGES, F. BEST, K. BOWMAN, H. BRINDLEY, J. J. BUTLER, W. COLLINS, J. A. DYKEMA, D. R. DOELLING, D. R. FELDMAN, N. FOX, X. HUANG, R. HOLZ, Y. HUANG, Z. JIN, D. JENNINGS, D. G. JOHNSON, K. JUCKS, S. KATO, D. B. KIRK-DAVIDOFF, R. KNUTSON, G. KOPP, D. P. KRATZ, X. LIU, C. LUKASHIN, A. J. MANNUCCI, N. PHOJANAMONGKOLKIJ, P. PILEVSKIE, V. RAMASWAMI, H. REVERCOMB, J. RICE, Y. ROBERTS, C. M. ROTHMAYR, F. ROSE, S. SANDFORD, E. L. SHIRLEY, W. L. SMITH SR., B. SODEN, P. W. SPETH, W. SUN, P. C. TAYLOR, D. TOBIN, AND X. XIONG

With its unprecedented accuracy, the Climate Absolute Radiance and Refractivity Observatory substantially shortens the time to detect the magnitude of climate change at the high confidence level that decision makers need.

THE CLARREO VISION FROM THE NATIONAL RESEARCH COUNCIL DECADAL SURVEY. A critical issue for climate change observations is that their absolute accuracy is insufficient to confidently observe decadal climate change signals (NRC 2007; Trenberth et al. 2013; Trenberth and Fasullo 2010; Ohring et al. 2005; Ohring 2007). Observing decadal climate change is critical to assessing the accuracy of climate model projections (Solomon et al. 2007; Masson and Knutti 2011; Stott and Kettleborough 2002) as well as to attributing climate change to various sources (Solomon et al. 2007). Sound policymaking requires high confidence in climate predictions verified against decadal change observations with rigorously known accuracy. The need to improve satellite data accuracy has been expressed in ▶

Detail of CLARREO (red orbit track) obtaining matched data to serve as reference intercalibration for instruments on a polar orbiting weather satellite (green track). For more information see Fig. 6.

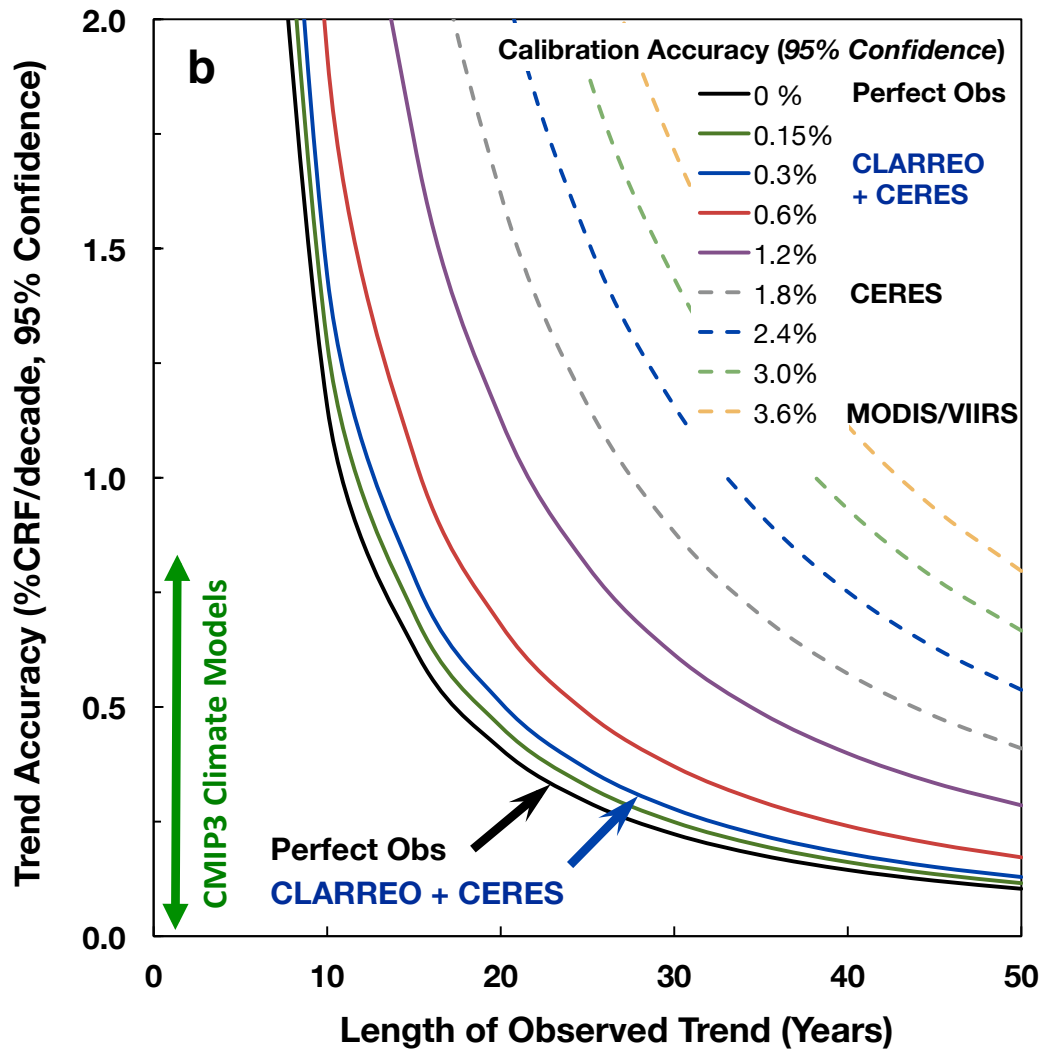
Accuracy Requirements of the Climate Observing System



The length of time required to detect a climate trend caused by human activities is determined by:

- *Natural variability*
- *The magnitude of human driven climate change*
- *The accuracy of the observing system*

Reflected Solar Accuracy and Climate Trends

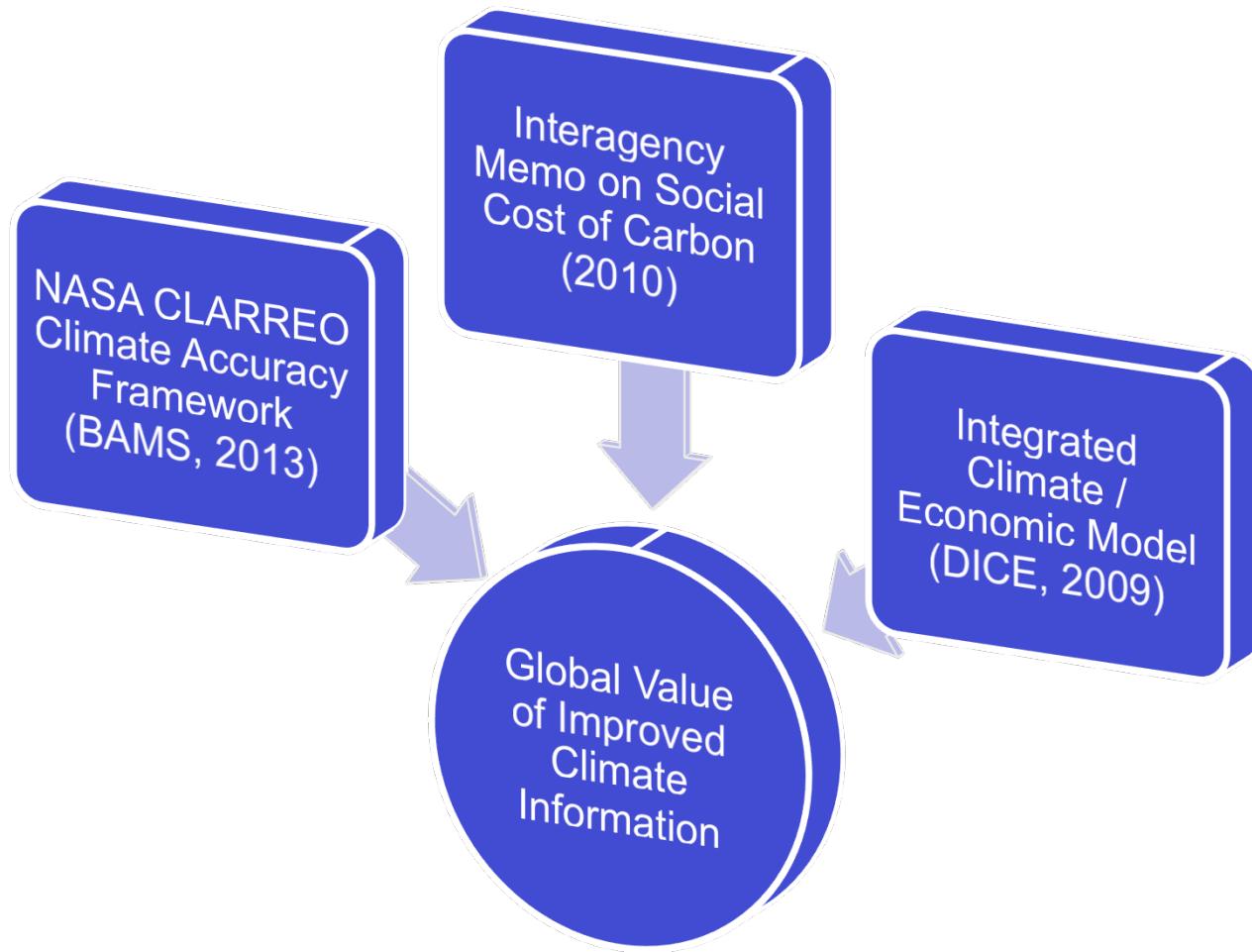


Climate Sensitivity Uncertainty is a factor of 4 (IPCC, 90% conf) which = *factor of 16 uncertainty in climate change economic impacts*

Climate Sensitivity Uncertainty = Cloud Feedback Uncertainty = Low Cloud Feedback = *Changes in SW CRF/decade (y-axis of figure)*

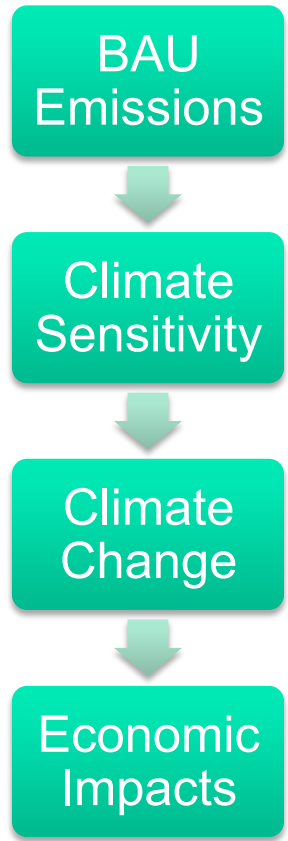
Higher Accuracy Observations = CLARREO reference intercal of CERES = *narrowed uncertainty 15 to 20 years earlier*

What is the right amount to invest in climate science?

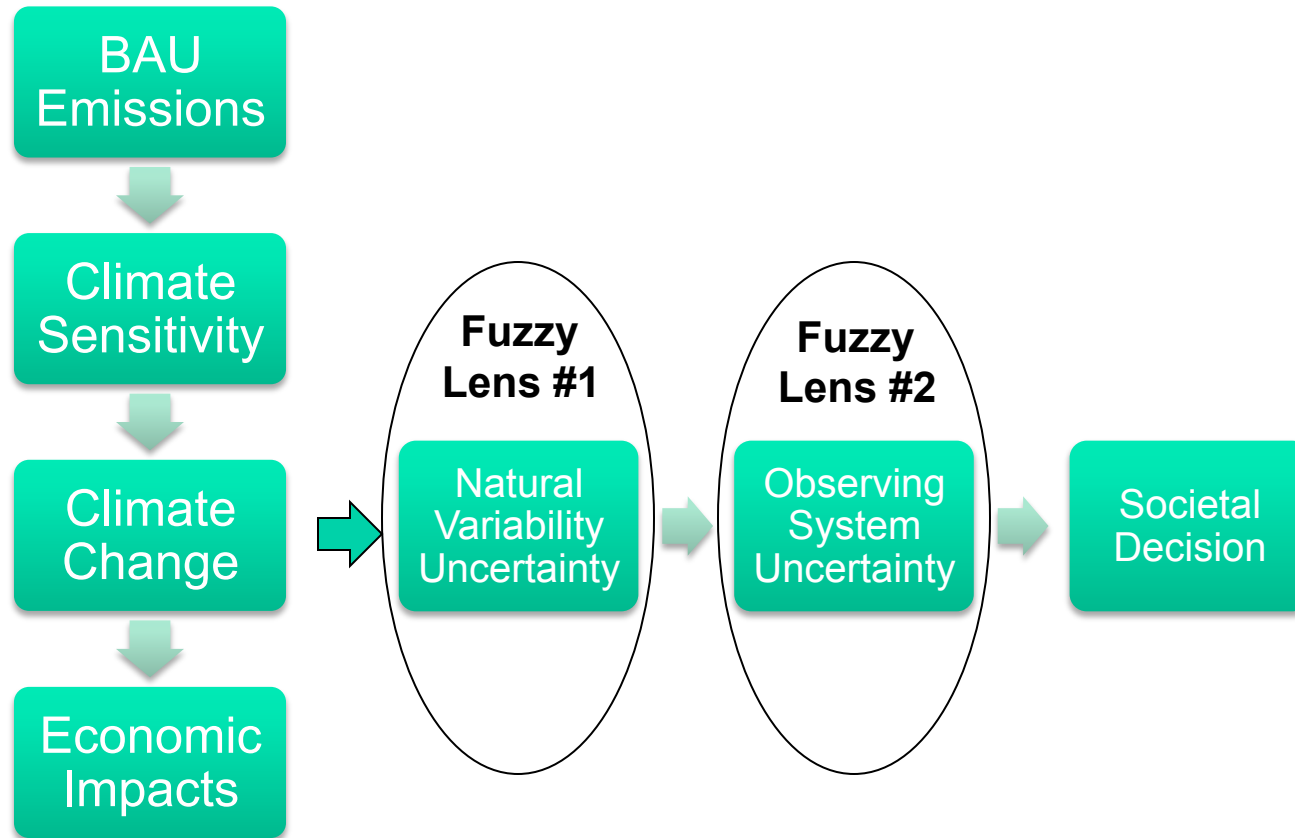


Cooke et al., Journal of Environment, Systems, and Decisions, July 2013, paper has open and free distribution online: [doi:10.1007/s10669-013-9451-8](https://doi.org/10.1007/s10669-013-9451-8)

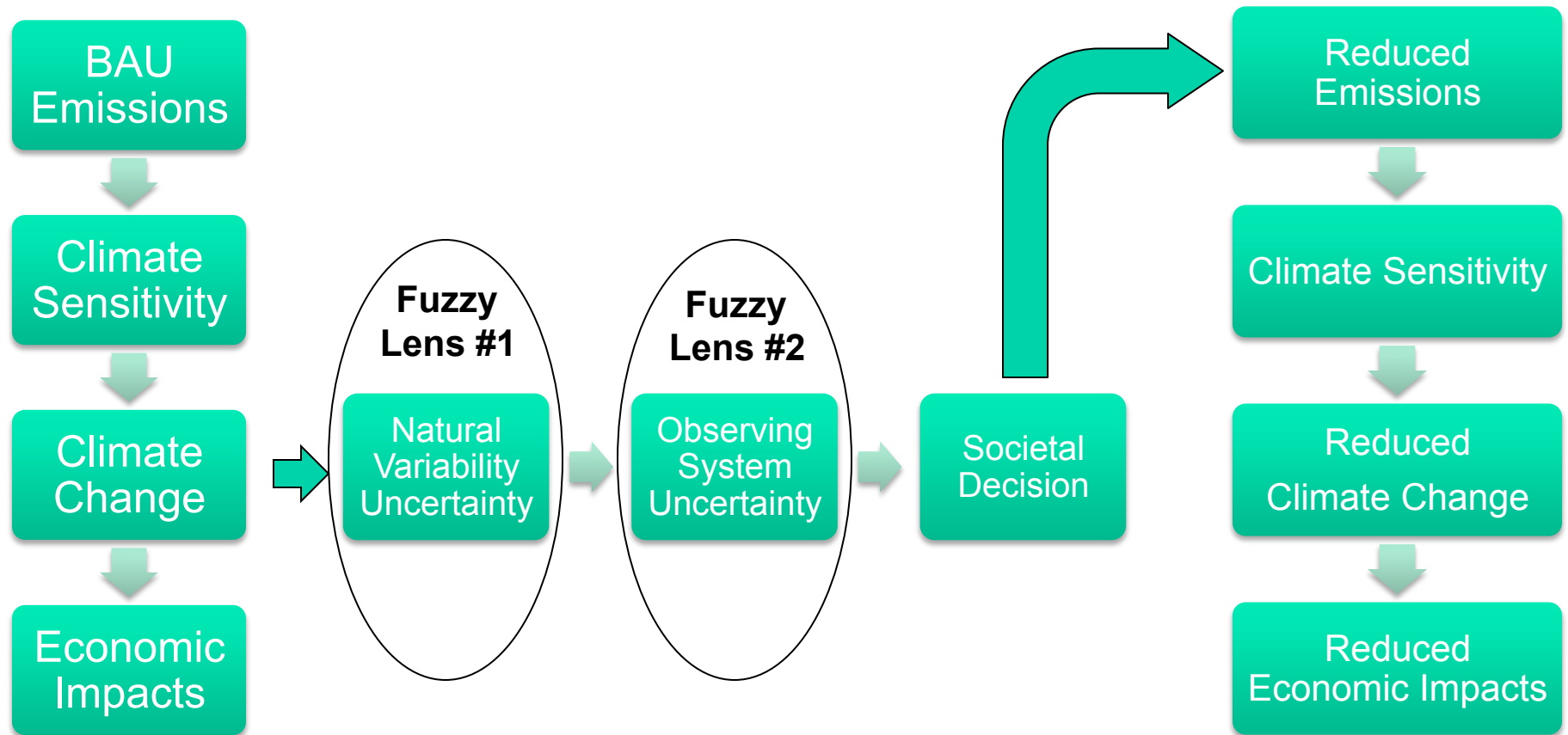
VOI Estimation Method



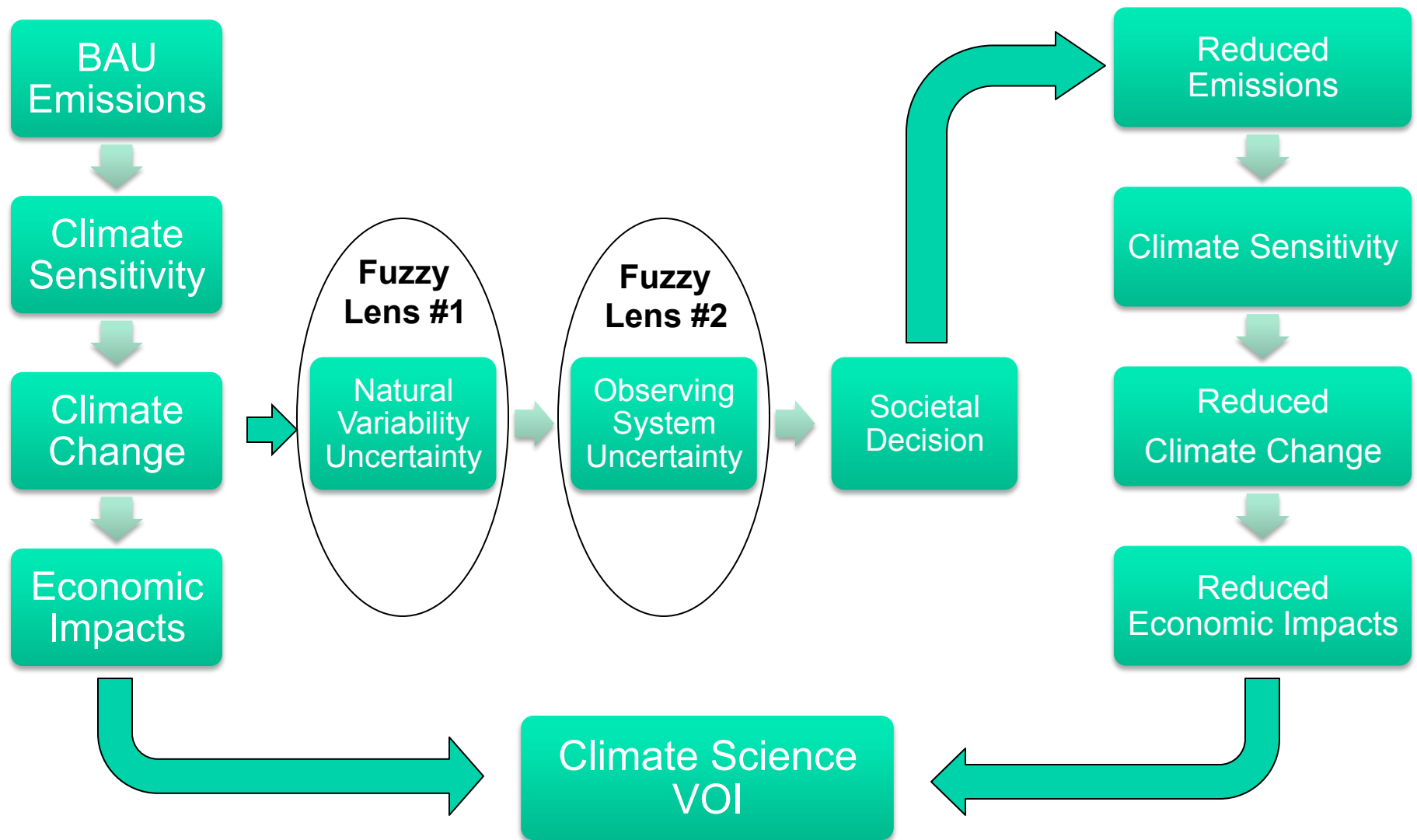
VOI Estimation Method



VOI Estimation Method



VOI Estimation Method



Economics: The Big Picture

- World GDP today ~ \$70 Trillion US dollars
- Net Present Value (NPV)
 - compare a current investment to other investments that could have been made with the same resources
- Discount rate: 3%
 - 10 years: discount future value by factor of 1.3
 - 25 years: discount future value by factor of 2.1
 - 50 years: discount future value by factor of 4.4
 - 100 years: discount future value by factor of 21
- Business as usual climate damages in 2050 to 2100: 0.5% to 5% of GDP per year depending on climate sensitivity.

VOI vs. Discount Rate

Run 1000s of economic simulations and then average over the full IPCC distribution of possible climate sensitivity

Discount Rate	CLARREO/Improved Climate Observations VOI (US 2015 dollars, net present value)
2.5%	\$17.6 T
3%	\$11.7 T
5%	\$3.1 T

Additional Cost of an advanced climate observing system:

~ \$10B/yr worldwide

Cost for 30 years of such observations is ~ \$200 to \$250B (NPV)



Even at the highest discount rate, return on investment is very large

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Advanced Climate Observing System:

Return on Investment: \$50 per \$1

Cost of Delay: \$650B per year



Even at the highest discount rate, return on investment is very large

Suggested Directions

- Quantitative Science Questions
 - Hypothesis Tests not “improve and explore”, think Higgs Boson
- Observing System Simulation Experiments (OSSEs)
 - Improve observing system requirements
 - Move from “base state” to “climate change” climate model tests
- Higher Accuracy Observations for Climate Change
 - See BAMS Oct 2013 paper for example: broadly applicable
- Economic Value of Improved Climate Observations and Models
 - See J. Env. Sys. Decisions paper for example: broadly applicable

Summary

Lack of accuracy = delayed knowledge

We lack a climate observing system capable of testing climate predictions with sufficient accuracy or completeness

At our current pace, it seems unlikely that we will understand climate change even after another 35 years.

We cannot go back in time and measure what we failed to observe.

It's time to invest in an advanced climate observing system

Version 2 of VOI Study

- Change abrupt switch between emission scenarios (economically inefficient) to more gradual phased transitions: increases VOI from earlier results
- Add the cost of mitigating carbon emissions between scenarios
 - early carbon emission reductions are negative cost (e.g. LED light bulbs)
 - as reductions get larger, costs get increasingly greater.
 - overall, reduces VOI from earlier results
- Bottom line: earlier \$12 Trillion reduced to \$8.5 Trillion
 - both are Net Present Value at 3 % Discount Rate
 - Return on Investment reduced from 50:1 to 35:1.
 - value depends on emission scenario selected:
 - DICE Optimal emissions (moderate CO2 reduction) NPV is \$6 Trillion
 - 2.5C Limit emissions (larger CO2 reduction) NPV is \$8.5 Trillion
 - Stern emissions (largest CO2 reduction) NPV is \$6.5 Trillion

Version 2 of VOI Study

- New Study also presents the "Real Option Value" of a new climate observing system.
 - Corporations use this to determine the value of investments that can enable options to change direction later (very similar to climate change knowledge investments)
 - Includes both costs and benefits, similar to the Net Present Value calculation
 - Includes changing emission scenarios optimally depending on observed uncertainty of climate sensitivity
 - Real Option Value for 3% Discount rate is \$9 Trillion

Communicating the Results

- First paper published online July 2013, in print early 2014
- Submission of second paper expected ~ Dec 2014 journal TBD.
- Considering development of a shorter summary paper that is intended to drive 2 major points home but to a much broader audience:
 - we have no climate observing system (list key observations with no long term observing plan or missing process missions)
 - economic value of an improved system (factor of 3 increase in annual investment from ~ \$5B/yr to \$15B/yr ROI is 35:1.
 - typical expected ROI for federal investments are ~ 10:1, so this investment is much higher ROI
 - every year of delay we lose ~ \$0.5 Trillion in NPV
 - U.S. is ~ 1/6th of world economy, but 1/2 of climate observations: so our ROI would be ~ 12:1.
- Get key co-authors: Slingo?, Trenberth?, Stephens?, Joe Schmetz? (EUMETSAT chief scientist), Barbara Ryan? (director GEO), GSICS lead?, Tom Karl?
- Publish in PNAS, Science, Nature, Foreign Policy? Foreign Affairs?

